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JUN 28 2012

FCC Mail Room

June 25, 2012

Ms. Marlene H. Dortch  
Office of the Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

Ms. Karen Majcher  
Vice President, High Cost and Low Income Division  
Universal Service Administrative Company  
2000 L Street, NW, Suite 200  
Washington, D.C. 20036

Re: WC Docket No. 10-90, Annual §54.313 Report of High-Cost Recipient

Dear Mss. Dortch and Majcher:

Enclosed please find the annual Certification of Support and Annual Report of **Nunn Telephone Company**, Study Area Code 462194, pursuant to 47 C.F.R. §54.313

Please direct any questions regarding this filing to me at

Phone: 970-897-2200  
Email: greg@ezlink.com

Respectfully Submitted,

Greg Grablander  
General Manager  
Nunn Telephone Company

Enclosure

File in Capital case 0  
L2 ASCDC

JUN 28 2012

FCC Mail Room

# 2012 ETC Certification of Support and Annual Report

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## **Report to Satisfy Requirements of FCC 11-161 and 47 C.F.R §54.313**

**Name of ETC Applicant:** Nunn Telephone Company

**Study Area Code:** 462194

**Date of Filing:** 6/26/2012

**State:** Colorado

**Person to contact for questions:**

**Name:** Greg Grablander

**Telephone Number:** 970-897-2200

**E-mail address:** greg@ezlink.com

**State Filing Details:**

The data contained in this filing complies with the requirements set forth in FCC 11-161 and §54.313 as amended. To the extent that the Colorado Public Utilities Commission requires additional information as part of its normal ETC recertification process; that data will be provided to the Colorado Public Utilities Commission in compliance with the scheduled Annual Reporting for previously designated ETCs.

## **Table of Contents**

Report 1: §54.313 (a) (1) - Five-Year Service Quality Improvement Plan .....	3
Report 2: §54.313 (a) (2)- Outage Report .....	4
Report 3: §54.313 (a) (3)- Requests for Service .....	5
Report 4: §54.313 (a) (4)- Complaints per 1,000 Connections .....	6
Report 5: §54.313 (a) (5)-(6)- Certifications .....	7
Report 6: §54.313 (a) (7)- Current Price Offerings .....	8
Report 7: §54.313 (a) (8)- Company Identification .....	9
Report 8: §54.313 (a) (9)- Tribal Outreach .....	10
Report 9: §54.313 (f) (2)- Annual Financial Report .....	11
Report 10: §54.313 (g)- Areas with No Terrestrial Backhaul .....	12
Report 11: §54.313 (h)- Additional Voice Rate Data .....	13
Attachment 1 .....	14

## **Report 1: §54.313 (a) (1) - Five-Year Service Quality Improvement Plan**

1. A progress report on its five-year service quality improvement plan pursuant to § 54.202(a), including maps detailing its progress towards meeting its plan targets, an explanation of how much universal service support was received and how it was used to improve service quality, coverage, or capacity, and an explanation regarding any network improvement targets that have not been fulfilled in the prior calendar year. The information shall be submitted at the wire center level or census block as appropriate.

### **1.1 Progress Report**

### **1.2 Universal Service Support Received and How It Was Used**

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#### **Response to 1.1:**

The Company has been designated an ETC by the Colorado Public Utilities Commission, and that Commission has heretofore not required ETCs to file service quality improvement plans or annual updates. Hence, in accordance with the Wireline Competition Bureau's Clarification Order in DA 12-147, issued on February 3rd, 2012, paragraph 7, this provision's requirement to submit a progress report does not apply to Nunn Telephone Company for this filing period.

#### **Response to 1.2:**

Nunn Telephone Company received a total of \$1,432,075 in federal high cost support during 2011. Over that same time period, the company made regulated investments of approximately \$384,425 and incurred regulated expenses of approximately \$1,631,414 to provide telecommunications service to the residents and businesses of its serving territory. The Company has used its federal high cost support to provision telecommunications services to all requesting consumers throughout the entirety of its certificated service area at rates that while comparable with those in urban areas, are significantly lower than the cost of providing service.

In part, through federal high-cost support, Nunn Telephone Company has invested in a modern telecommunications network utilizing fiber optic cable and advanced circuit-switched and IP technology throughout its service territory resulting in a vast improvement in the quality of the service area's communications infrastructure.

## **Report 2: §54.313 (a) (2)- Outage Report**

2. Detailed information on any outage in the prior calendar year, as that term is defined in 47 CFR 4.5, of at least 30 minutes in duration for each service area in which an eligible telecommunications carrier is designated for any facilities it owns, operates, leases, or otherwise utilizes that potentially affect

(i) At least ten percent of the end users served in a designated service area; or

(ii) A 911 special facility, as defined in 47 CFR 4.5(e).

(iii) Specifically, the eligible telecommunications carrier's annual report must include information detailing:

(A) The date and time of onset of the outage;

(B) A brief description of the outage and its resolution;

(C) The particular services affected;

(D) The geographic areas affected by the outage;

(E) Steps taken to prevent a similar situation in the future; and

(F) The number of customers affected.

\*\*\*\*\*

### **Response:**

Nunn Telephone Company did not experience any outages during 2011 that meet the criteria listed above.

### **Report 3: §54.313 (a) (3)- Requests for Service**

3. The number of requests for service from potential customers within the recipient's service areas that were unfulfilled during the prior calendar year. The carrier shall also detail how it attempted to provide service to those potential customers.

\*\*\*\*\*

**Response:**

Nunn Telephone Company does not have any outstanding requests for service from 2011 that are unfulfilled at the time of this filing.

## **Report 4: §54.313 (a) (4)- Complaints per 1,000 Connections**

4. The number of complaints per 1,000 connections (fixed or mobile) in the prior calendar year.

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### **Response:**

For the period from January 2011 through December 2011, the Company had a total of 0 complaints per 1,000 access lines for supported services as reported to any federal and/or state regulatory agencies.

## **Report 5: §54.313 (a) (5)-(6)- Certifications**

5. Certification that it is complying with applicable service quality standards and consumer protection rules. Certification that the carrier is able to function in emergency situations as set forth in §54.202(a)(2).

\*\*\*\*\*

### **Response:**

See **Attachment 1** – Affidavit of Greg Grablander



## **Report 6: §54.313 (a) (7)- Current Price Offerings**

6. The company's price offerings in a format as specified by the Wireline Competition Bureau.

\*\*\*\*\*

### **Response:**

The Wireline Competition Bureau has not established a format for the requested information, as specified in §54.313(a)(2)(iii)(F)(7), nor has this provision received Office of Management and Budget (OMB) approval as of the date of this filing. Therefore, no response is required at this time.

## **Report 7: §54.313 (a) (8)- Company Identification**

7. The recipient's holding company, operating companies, affiliates, and any branding (a "dba," or "doing-business-as company" or brand designation), as well as universal service identifiers for each such entity by Study Area Codes, as that term is used by the Administrator. For purposes of this paragraph, "affiliates" has the meaning set forth in section 3(2) of the Communications Act of 1934, as amended.

\*\*\*\*\*

### **Response:**

This provision has not received Office of Management and Budget (OMB) approval as of the date of this filing. Therefore, the requested information will be filed when appropriate.

## **Report 8: §54.313 (a) (9)- Tribal Outreach**

- 8.** To the extent the recipient serves Tribal lands, documents or information demonstrating that the ETC had discussions with Tribal governments that, at a minimum, included:
- 8.1** A needs assessment and deployment planning with a focus on Tribal community anchor institutions;
  - 8.2** Feasibility and sustainability planning;
  - 8.3** Marketing services in a culturally sensitive manner;
  - 8.4** Rights of way processes, land use permitting, facilities siting, environmental and cultural preservation review processes; and
  - 8.5** Compliance with Tribal business and licensing requirements.
    - Tribal business and licensing requirements include business practice licenses that Tribal and non-Tribal business entities, whether located on or off Tribal lands, must obtain upon application to the relevant Tribal government office or division to conduct any business or trade, or deliver any goods or services to the Tribes, Tribal members, or Tribal lands.
    - These include certificates of public convenience and necessity, Tribal business licenses, master licenses, and other related forms of Tribal government licensure.

\*\*\*\*\*

### **Response:**

Nunn Telephone Company does not serve any Tribal lands. Therefore, this provision does not apply to Nunn Telephone Company.

## **Report 9: §54.313 (f) (2)- Annual Financial Report**

**Privately held rate-of-return carriers only.**

9. A full and complete annual report of the company's financial condition and operations as of the end of the preceding fiscal year, which is audited and certified by an independent certified public accountant in a form satisfactory to the Commission, and accompanied by a report of such audit. The annual report shall include:

- balance sheets,
- income statements,
- and cash flow statements along with necessary notes to clarify the financial statements.

The income statements shall itemize revenue, including non-regulated revenue, by its sources.

\*\*\*\*\*

### **Response:**

This provision has not received Office of Management and Budget (OMB) approval as of the date of this filing. Therefore, the requested documentation will be filed when appropriate.

## **Report 10: §54.313 (g)- Areas with No Terrestrial Backhaul**

- 10.** Carriers without access to terrestrial backhaul that are compelled to rely exclusively on satellite backhaul in their study area must certify annually that no terrestrial backhaul options exist.

- 10.1** Any such funding recipients must certify they offer broadband service at actual speeds of at least 1 Mbps downstream and 256 kbps upstream within the supported area served by satellite middle-mile facilities. To the extent that new terrestrial backhaul facilities are constructed, or existing facilities improve sufficiently to meet the relevant speed, latency and capacity requirements then in effect for broadband service supported by the CAF, within twelve months of the new backhaul facilities becoming commercially available, funding recipients must provide the certifications required in paragraphs (e) or (f) of this section in full. Carriers subject to this paragraph must comply with all other requirements set forth in the remaining paragraphs of this section.

\*\*\*\*\*

**Response:**

This item is not applicable to Nunn Telephone Company.

## **Report 11: §54.313 (h)- Additional Voice Rate Data**

- 11.** All incumbent local exchange carrier recipients of high-cost support must report all of their rates for residential local service for all portions of their service area, as well as state fees as defined pursuant to § 54.318(e) of this subpart, to the extent the sum of those rates and fees are below the rate floor as defined in § 54.318 of this subpart, and the number of lines for each rate specified. Carriers shall report lines and rates in effect as of June 1.

\*\*\*\*\*

### **Response:**

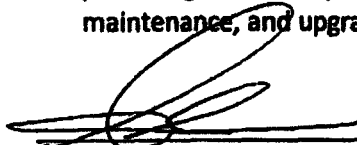
The Company complied with this reporting requirement when it responded to NECA's 2012 Local Rate Floor Data Collection.

## Attachment 1

### Affidavit of Greg Grablander

I, Greg Grablander, being of lawful age and duly sworn, on my oath and under penalty of perjury, state that I am the General Manager and an Officer of Nunn Telephone Company and that I am authorized to execute this Affidavit on behalf of Nunn Telephone Company, and the facts set forth in this Affidavit are accurate to the best of my knowledge, information and belief.

1. I have reviewed the foregoing 2012 ETC Certification of Support and Annual Report of Nunn Telephone Company and hereby declare that the contents of the Report are true and correct to the best of my knowledge and belief.
2. I hereby certify pursuant to the requirements under 47 C.F.R. §54.313(a)(5) and §54.313(a)(6) that:
  - a. Nunn Telephone Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules.
  - b. Nunn Telephone Company has established operating procedures designed to facilitate compliance with service quality standards, which may include customer remedies and improvement plans.
  - c. Nunn Telephone Company is able to remain functional in emergency situations as set forth in §54.202(a)(2), and
3. All federal universal service support provided to Nunn Telephone Company was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

  
\_\_\_\_\_  
Greg Grablander

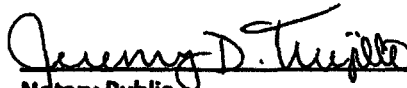
#### ACKNOWLEDGMENT

STATE OF Colorado

:ss.

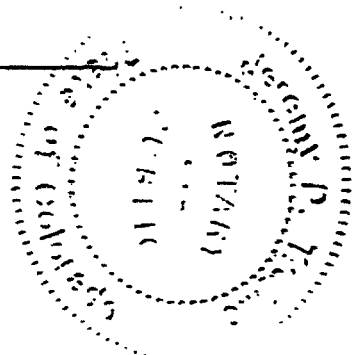
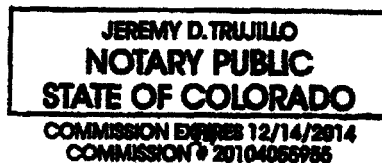
COUNTY OF Weld

Subscribed, sworn to and acknowledged before me on this 26 day of June, 2012 by  
Greg Grablander.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

12/14/14



Kyle Grablander  
P.O. Box 207  
Nunn, Colorado 80648

JOE CLARK  
966 E 4000 S RD  
KANKAKEE, IL 60901



Kyle Grablander  
P.O. Box 207  
Nunn, Colorado 80648

JOE CLARK  
966 E 4000 S RD  
KANKAKEE, IL 60901

[DATE]

***Ex Parte Letter***

The Honorable Julius Genachowski  
The Honorable Robert McDowell  
The Honorable Mignon Clyburn  
The Honorable Jessica Rosenworcel  
The Honorable Ajit Pai  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

***Connect America Fund, WC Docket No. 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; High-Cost Universal Service Support, WC Docket No. 05-337; Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Lifeline and Link-Up, WC Docket No. 03-109; Universal Service Reform – Mobility Fund, WT Docket No. 10-208***

Dear Chairman Genachowski and Commissioners McDowell, Clyburn, Rosenworcel and Pai:

This letter is sent by the [INSERT NUMBER] telecommunications and advanced service providers identified below to ensure that the Federal Communications Commission (FCC) and our elected representatives in Congress have clear and unambiguous notice of our collective concerns with the “regression analysis”-based caps on Universal Service Fund (USF) support that were adopted in the FCC’s November 2011 “Transformation” Order and finalized in an order the Wireline Competition Bureau released in April 2012. We have heard from some corners that there must not be significant concerns with these caps due to the limited waivers filed to date. With this letter, we wish to dispel immediately and comprehensively any notion that rural, rate-of-return regulated incumbent local exchange carriers (RLECs), such as the [several hundred] companies noted below, agree that these new caps comply with law, are workable for providers making long-term investment decisions in hard-to-serve areas, or will serve the interests of rural consumers.

By way of background, RLECs are committed carriers of last resort in their communities. Most of us are small businesses headquartered in the locations we serve. We are drivers of our local economies, significant employers in our small communities, and suppliers of the vital connections between rural areas and the wider world. Nearly all of us operate not only within the relatively populated boundaries of rural towns, but also across the sparsely populated surrounding regions. Those areas include national parks and forests, sites that supply critical energy resources, and the many ranches, farms, and other agribusiness operations that feed the United States and fulfill our nation’s role as the “breadbasket of the world.” We are companies and cooperatives formed to “fill the gaps” in areas left behind since the infancy of the Bell system, and we serve the vast expanses in our country where the business case for investing in networks and providing telecommunications services is limited, at best.

Congress has historically been well aware of the challenges associated with serving such areas, and therefore deemed it essential to include within the Telecommunications Act of 1996 a requirement that universal service support be predictable and sufficient. Unfortunately, the FCC's most recent "transformation" of the USF and related intercarrier compensation (ICC) mechanisms failed to determine what might constitute "sufficient" funding to achieve for universal service. Instead, the FCC concluded that current levels of USF funding—even with reductions in ICC revenues squeezed within them—should be adopted as a "budget" for USF going forward.

Although the insufficiency of support levels is of course a significant concern, this letter focuses more specifically on the unpredictability caused by the USF changes and the corresponding effect on current and future rural broadband deployment. In particular, the regression analysis framework provides no means for companies such as ours to determine how caps may change from year-to-year. This lack of predictability undermines our efforts to engage in responsible network planning. Many of us have retained paid experts (i.e., consultants who have worked for years, if not decades, on cost studies and cost models) who report that predicting the effects of the regression analysis on an individual company beyond one year or so is all but impossible. This impossibility arises because the regression analysis caps are not only based upon the acts or omissions of *every other* RLEC (or an unidentifiable subset of RLECs), but because the limits will be recalculated each year based upon acts and omissions of RLECs *two years prior to the recalculation*. This frustrates any opportunity for company managers to engage in the kind of long-term planning and investment decisions required in a capital-intensive business such as rural telecommunications. Moreover, this unpredictability, together with a concern that the "rules of the game" can change so easily midstream, also will hinder our ability to access capital on reasonable terms.

In short, the new rules compel companies to form capital budgets each year based upon what *other companies* did two years ago without knowing *how* the actions of others will affect recovery limits until it is too late to react or adjust given the long-term nature of the investments at issue and the fixed costs involved. Indeed, it is quite possible that one of us could do "next to nothing" in terms of network investments and *still* be caught by the caps two years later because everyone else did even less. Small businesses cannot run efficiently in the face of such uncertainty, and this uncertainty flies in the face of the statutory mandate of predictability.

We are a diverse group of companies serving diverse areas. Some of us are affected severely by the regression analysis caps today. Some of us are affected only slightly by the caps. Some of us are entirely unaffected by the caps as they stand currently. We may have different views on whether some capping mechanism is required and how it should be applied, if at all. However, we are united in our collective concern about the lack of transparency and pervasive unpredictability of these regression analysis caps. Those of us who are affected by the caps are still struggling to determine precisely why and how to avoid them going forward. Those of us who are unaffected by the caps are struggling to determine if they can be avoided going forward, and whether any investment or increased operations at all (such as additional maintenance efforts) will result in becoming "the next one to go."

Finally, the availability of waivers is of little, if any, comfort in this process. We have heard the FCC repeatedly cite the availability of waivers as a solution to seemingly every concern raised regarding USF reforms. However, after-the-fact waivers—which are determined at the discretion of FCC staff and can be obtained only after spending tens or hundreds of thousands of dollars to prepare applications and months of waiting for an answer—cannot substitute for a predictable and clearly defined USF mechanism that is established by appointed commissioners. Moreover, the FCC already warned in its transformation order that waivers will not be granted on a regular basis.

We recognize that the FCC must balance many interests and concerns in undertaking reform, and we do not minimize the challenges the FCC faced in doing so. But the FCC missed the mark in allowing staff to implement these regression analysis caps. Reform should achieve greater predictability rather than introducing new unpredictability. Reform should promote responsible rural broadband investment by giving clear rules of the road, rather than generating confusion that will only bring rural broadband investment and lending to a halt.

We have heard that the FCC's doors are always open for discussion regarding USF and ICC reform concerns. Please accept this letter as a formal visit from the [several hundred] companies listed below, and please take prompt action to correct the significant concerns created by the regression analysis caps. We need clear rules that allow us to plan for and carry out rural broadband investment in lieu of a framework that keeps us guessing about whether to invest or not. Without such clear rules of the road, consumers in RLEC areas are at significant risk of being "frozen in time" as to the broadband they receive today—most of which is below the FCC's targeted 4/1 speed—and some consumers stand at risk of seeing broadband deteriorate or disappear altogether.

In closing, we hope that you will not take our focus on the regression analysis caps in this letter as an indication that this is our only concern with respect to the order just adopted and further reforms still under consideration. We simply have focused on these caps to express a common set of concerns with respect to these caps across the industry.

Thank you for your attention to this correspondence on behalf of our companies. We look forward to a favorable response on behalf of the many rural residents and businesses we serve.

Sincerely,